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Skills shortages in Western Australia under the spotlight

Skilled employment has fuelled Western Australia's employment growth since 2002, accounting for 79% of the increase. But demand for skilled labour shows no sign of flattening with skilled vacancies recently hitting an all-time high.

With the growing concern over the state's skills shortage, the ABS released today a special analysis of the matter in the publication **Western Australian Statistical Indicators**.

Occupations in demand are tradespersons and related workers, professionals, labourers and related workers, intermediate production and transport workers and managers and administrators. Related industries showing the strongest signs of shortage in the state are construction, manufacturing, property and business services, mining and health and community services.

Indicators of skills shortage in the state show:

- The skilled vacancy index for Western Australia rose by 88.0% over the last three years, compared to a fall of 3.5% in the Australian index. As a result, the skilled vacancy index for Western Australia reached an all-time high of 218.4 in June 2005.
- There was recently a significant lag of seven quarters between peaks in economic growth (2.6% in the June quarter 2003) and employment growth (1.9% in the March quarter 2005) for Western Australia. The apparent inability of employment to respond adequately to strong labour demand conditions suggests that the supply of labour, including skilled labour, may have constrained employment growth.
- Western Australia's unemployment rate has dropped since July 2001 to its lowest level on record in November 2005 (3.9%), providing evidence of an economy that has continued to exhaust its available supply of labour, including skilled labour.
- The participation rate in Western Australia climbed sharply in recent years, rising by 2.7 percentage points from September 2004 to reach its highest level on record of 68.1% in June 2005.
- Recent wages growth in Western Australia has been strong and has outpaced growth in prices generally. Between the June quarter 2004 and the September quarter 2005, the state's wage price index of total hourly rates of pay (excluding bonuses) increased by 6.6%, compared to an increase of 4.8% in Perth's consumer price index.

The next issue of **Western Australian Statistical Indicators**, in March, will identify major contributing factors to the skills shortage and investigate the impacts of skills shortages on the Western Australian economy. **Western Australian Statistical Indicators** (cat. no. 1367.5) also contains a range of other information on the state's economy.

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